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REFERENCE TITLE: state budget procedures; budget.

State of Arizona
Senate
Forty-seventh Legislature
First Regular Session
2005

SB 1521

Introduced by
Senators Burns, Bee, Bennett, Blendu, Huppenthal: Jarrett, Martin,
Tibshraeny (with permission of committee on Rules)

AN ACT

AMENDING SECTIONS 35-142.01 AND 38-737, ARIZONA REVISED STATUTES; AMENDING LAWS 2001, CHAPTER 236, SECTION 89, AS AMENDED BY LAWS 2002, CHAPTER 327, SECTION 103; AMENDING LAWS 2003, CHAPTER 262, SECTION 88; RELATING TO STATE BUDGET PROCEDURES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 35-142.01, Arizona Revised Statutes, is amended to read:

35-142.01. Reimbursement of appropriated funds: receipt and deposit

When monies are appropriated to a budget unit for a specific program or purpose which is subject to reimbursement in whole or in part from federal monies or any other source, and which is so noted in the appropriation bill, the budget unit, upon receipt of such reimbursement, shall deposit the monies, pursuant to sections 35-146 and 35-147, in the state general fund or the fund from which the appropriation was originally made. If the reimbursement is not noted in the appropriation bill, it may be credited to the account out of which the expenditure was incurred if the director of the budget unit determines that reimbursement within the fiscal year is necessary for operation of the budget unit and was not specifically considered and rejected by the legislature at the time of appropriating monies to the budget unit. IF THE TOTAL REIMBURSEMENT CREDITED TO THE ACCOUNT OUT OF WHICH THE EXPENDITURE WAS INCURRED IS EXPECTED TO EXCEED ONE HUNDRED THOUSAND DOLLARS FOR ANY AGENCY, THE JOINT LEGISLATIVE BUDGET COMMITTEE SHALL REVIEW THE REIMBURSEMENT BEFORE CREDITING THE ACCOUNT. FOR TOTAL REIMBURSEMENTS OF ONE HUNDRED THOUSAND DOLLARS OR LESS, the director of the budget unit shall notify the joint legislative budget committee, the governor's office of strategic planning and budgeting and the state comptroller in writing of determinations made pursuant to this section.

Sec. 2. Section 38-737, Arizona Revised Statutes, is amended to read:

38-737. Employer contributions

A. Employer contributions ~~for the biennial period~~ shall be a percentage of compensation of all employees of the employers, excluding the compensation of those employees who are members of the defined contribution program administered by ASRS, as determined by the ASRS actuary pursuant to this section for June 30 of the ~~even-numbered~~ FISCAL year immediately preceding the ~~biennial period~~ PRECEDING FISCAL YEAR, except that beginning with fiscal year 2001-2002 the contribution rate shall not be less than two per cent of compensation of all employees of the employers. The total employer contribution shall be determined on the projected unit credit method. ~~Except as provided in subsection D of this section,~~ The total employer contributions shall be equal to the employer normal cost plus the amount required to amortize the past service funding requirement over a rolling thirty-year period.

B. All contributions made by the employer and allocated to the fund established by section 38-712 are irrevocable and shall be used as benefits under this article or to pay expenses of ASRS.

C. The required employer contributions shall be determined ~~every other year~~ ON AN ANNUAL BASIS by an actuary who is selected by the board and who is a fellow of the society of actuaries. ASRS shall provide a preliminary

report by November 1 and a final report by December 15 of each ~~even-numbered~~ ~~FISCAL~~ year to the governor, the speaker of the house of representatives and the president of the senate on the contribution rate for the ~~two~~ ensuing fiscal ~~years~~ YEAR.

~~D. For the fiscal years ending June 30, 1995 through June 30, 1997 and commencing with fiscal year ending June 30, 1998 through June 30, 2013 the funding period used to determine the valuation of ASRS and employer contributions payable beginning July 1 of the following year or biennial period shall be determined by the ASRS actuary using the following schedule:~~

Valuation for the	Biennial period	Funding period ends
Fiscal year ending		
June 30, 1995		June 30, 2005
June 30, 1996		June 30, 2007
June 30, 1997		June 30, 2009
June 30, 1998	July 1, 1999 to June 30, 2001	June 30, 2011
June 30, 2000	July 1, 2001 to June 30, 2003	June 30, 2015
June 30, 2002	July 1, 2003 to June 30, 2005	June 30, 2019
June 30, 2004	July 1, 2005 to June 30, 2007	June 30, 2023
June 30, 2006	July 1, 2007 to June 30, 2009	June 30, 2027
June 30, 2008	July 1, 2009 to June 30, 2011	June 30, 2031
June 30, 2010	July 1, 2011 to June 30, 2013	June 30, 2035
June 30, 2012	July 1, 2013 to June 30, 2015	June 30, 2039

~~E. If at any time between June 30, 1995 and June 30, 2013 ASRS becomes underfunded, the funding period immediately and permanently reverts to the period provided in subsection A of this section.~~

~~F. For the purposes of this section "biennial period" means the two year period beginning on July 1 of an odd numbered year and ending on June 30 of the next odd numbered year.~~

Sec. 3. Laws 2001, chapter 236, section 89, as amended by Laws 2002, chapter 327, section 103, is amended to read:

Sec. 89. STATE RETIREMENT SYSTEM

	<u>2001-02</u>	<u>2002-03</u>
FTE positions	168.0	168.0
Lump sum appropriation	\$ 14,536,400	\$ 14,475,100
Information technology plan	<u>9,000,000</u>	<u>9,000,000</u>
Total appropriation - state retirement system	\$ 23,536,400	\$ 23,475,100
Fund sources:		
State retirement system		
administration account	\$ 21,249,700	\$ 21,051,200

1	Long-term disability		
2	administration account	2,286,700	2,423,900
3	Performance measures:		
4	Per cent of members satisfied with ASRS		
5	telephone services	85	85
6	Per cent of members satisfied with the		
7	service purchase process	85	85
8	Per cent of investment returns	8.0	8.0
9	Per cent of liability funded	100	100
10	Per cent of benefit payment calculations		
11	that are accurate as measured by quality		
12	control sample	96	96
13	Before the expenditure of the \$18,000,000 biennial appropriation and		
14	the hiring of FTE positions appropriated for the agency's information		
15	technology plan, the retirement system shall present an expenditure plan to		
16	the joint legislative budget committee staff for review. The retirement		
17	system shall include the approval of the project investment justification		
18	document by the information technology authorization committee as part of its		
19	submission to the joint legislative budget committee staff. On review, the		
20	agency shall provide semi-annual reports to the joint legislative budget		
21	committee staff regarding the expenditures and project tasks completed to		
22	date. Funding appropriated for this purpose is exempt from the provisions of		
23	section 35-190, Arizona Revised Statutes, relating to lapsing of		
24	appropriations through June 30, 2005 2006. Actual divestiture of monies from		
25	the retirement fund for expenditure shall occur following the joint		
26	legislative budget committee staff review of the agency's information		
27	technology plan.		
28	Sec. 4. Laws 2003, chapter 262, section 88 is amended to read:		
29	Sec. 88. STATE RETIREMENT SYSTEM		
30		<u>2003-04</u>	<u>2004-05</u>
31	FTE positions	197.0	197.0
32	Operating lump sum appropriation	\$ 13,916,100	\$ 14,197,100
33	Information technology plan	<u>8,994,200</u>	<u>8,994,300</u>
34	Total appropriation - state retirement system	\$ 22,910,300	\$ 23,191,400
35	Fund sources:		
36	State retirement system		
37	administration account	\$ 20,293,500	\$ 20,293,700
38	Long-term disability		
39	administration account	2,616,800	2,897,700
40	Performance measures:		
41	Per cent of members satisfied with ASRS		
42	telephone services	87	87
43	Per cent of members satisfied with the		
44	service purchase process	82	82
45	Per cent of investment returns	8.0	8.0

1	Per cent of liability funded	100	100
2	Per cent of benefit payment calculations		
3	that are accurate as measured by quality		
4	control sample	96	96

5 Before the expenditure of the appropriation of \$8,994,200 in fiscal
6 year 2003-2004 and \$8,994,300 in fiscal year 2004-2005 and the hiring of FTE
7 positions appropriated for the agency's information technology plan, the
8 retirement system shall present an expenditure plan in each year to the joint
9 legislative budget committee staff for review. The retirement system shall
10 include the approval of the project investment justification document by the
11 information technology authorization committee as part of its submission to
12 the joint legislative budget committee staff. The agency shall provide
13 semi-annual reports to the joint legislative budget committee staff regarding
14 the expenditures and project tasks completed to date. Funding appropriated
15 for this purpose is exempt from the provisions of section 35-190, Arizona
16 Revised Statutes, relating to lapsing of appropriations through June 30, ~~2005~~
17 ~~2006~~. Actual divestiture of monies from the retirement fund for expenditure
18 shall occur following the joint legislative budget committee staff review of
19 the agency's information technology plan.

20 Sec. 5. Program budgeting conversion; delay

21 Notwithstanding section 35-113, Arizona Revised Statutes, the
22 conversion of budgeting structures to program budgeting structures for the
23 following budgets shall be delayed to fiscal year 2006-2007:

- 24 1. Arizona health care cost containment system.
- 25 2. Department of economic security.
- 26 3. Department of health services.
- 27 4. Arizona department of housing.
- 28 5. Arizona board of regents.
- 29 6. Arizona state university - main campus.
- 30 7. Arizona state university - east campus.
- 31 8. Arizona state university - west campus.
- 32 9. Northern Arizona university.
- 33 10. University of Arizona - main campus.
- 34 11. University of Arizona - health sciences center.

35 Sec. 6. State department of corrections; expenditure reporting

36 Notwithstanding any other law, the state department of corrections
37 shall report actual fiscal year 2004-2005, estimated fiscal year 2005-2006
38 and requested fiscal year 2006-2007 expenditures by prison complex, community
39 corrections, private prisons and central administration when the department
40 submits the fiscal year 2006-2007 budget request pursuant to section 35-113,
41 Arizona Revised Statutes.

1 Sec. 7. Arizona state retirement system determination of
2 employer contribution rate for fiscal year 2005-2006

3 In lieu of the report due December 15, 2004, the Arizona state
4 retirement system shall apply the employer contribution rate for fiscal year
5 2005-2006 as determined as of March 15, 2005 on an annual basis pursuant to
6 section 38-737, Arizona Revised Statutes, as amended by this act.

7 Sec. 8. Retroactivity

8 A. Section 38-737, Arizona Revised Statutes, as amended by this act,
9 applies retroactively to from and after June 29, 2004.

10 B. Section 7 of this act is effective retroactively to June 30, 2005.